

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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SENATE BILL 669

Short Title: Reduce the Individual Income Tax Rate. (Public)

Sponsors: Senators Rucho, Rabon, Berger (Primary Sponsors); Apodaca, Barefoot, Brock, Cook, Daniel, Goolsby, Hise, Hunt, Newton, Pate, Rabin, and Soucek.

Referred to: Finance.

April 4, 2013

A BILL TO BE ENTITLED
AN ACT TO PHASE-IN A REDUCTION OF THE INDIVIDUAL INCOME TAX RATE
AND TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY AN
ELIMINATION OF THE INDIVIDUAL INCOME TAX.

The General Assembly of North Carolina enacts:

SECTION 1. Effective for taxable years beginning on or after January 1, 2014, G.S. 105-134.2(a) reads as rewritten:

"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages of the taxpayer's North Carolina taxable income.

(1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

Over	Up To	Rate
-0-	\$21,250 <u>\$10,000</u>	6% <u>0%</u>
\$21,250 <u>\$10,000</u>	\$100,000 <u>NA</u>	7% <u>5.25%</u>
\$100,000	NA	7.75%

(2) For heads of households, as defined in section 2(b) of the Code:

Over	Up To	Rate
-0-	\$17,000 <u>\$8,000</u>	6% <u>0%</u>
\$17,000 <u>\$8,000</u>	\$80,000 <u>NA</u>	7% <u>5.25%</u>
\$80,000	NA	7.75%

(3) For unmarried individuals other than surviving spouses and heads of households:

Over	Up To	Rate
-0-	\$12,750 <u>\$5,000</u>	6% <u>0%</u>
\$12,750 <u>\$5,000</u>	\$60,000 <u>NA</u>	7% <u>5.25%</u>
\$60,000	NA	7.75%

(4) For married individuals who do not file a joint return under G.S. 105-152:

Over	Up To	Rate
-0-	\$10,625 <u>\$5,000</u>	6% <u>0%</u>
\$10,625 <u>\$5,000</u>	\$50,000 <u>NA</u>	7% <u>5.25%</u>
\$50,000	NA	7.75%

SECTION 2. Effective for taxable years beginning on or after January 1, 2015, G.S. 105-134.2(a), as amended by Section 1 of this act, reads as rewritten:



"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages of the taxpayer's North Carolina taxable income.

- (1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

Over	Up To	Rate
0	\$10,000\$12,500	0%
\$10,000\$12,500	N/A	5.25%4.75%

- (2) For heads of households, as defined in section 2(b) of the Code:

Over	Up To	Rate
0	\$8,000\$10,000	0%
\$8,000\$10,000	N/A	5.25%4.75%

- (3) For unmarried individuals other than surviving spouses and heads of households:

Over	Up To	Rate
0	\$5,000\$6,250	0%
\$5,000\$6,250	N/A	5.25%4.75%

- (4) For married individuals who do not file a joint return under G.S. 105-152:

Over	Up To	Rate
0	\$5,000\$6,250	0%
\$5,000\$6,250	N/A	5.25%4.75%"

SECTION 3. Effective for taxable years beginning on or after January 1, 2016, G.S. 105-134.2(a), as amended by Section 2 of this act, reads as rewritten:

"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages of the taxpayer's North Carolina taxable income.

- (1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

Over	Up To	Rate
0	\$12,500	0%
\$12,500	N/A	4.75%4%

- (2) For heads of households, as defined in section 2(b) of the Code:

Over	Up To	Rate
0	\$10,000	0%
\$10,000	N/A	4.75%4%

- (3) For unmarried individuals other than surviving spouses and heads of households:

Over	Up To	Rate
0	\$6,250	0%
\$6,250	N/A	4.75%4%

- (4) For married individuals who do not file a joint return under G.S. 105-152:

Over	Up To	Rate
0	\$6,250	0%
\$6,250	N/A	4.75%4%"

SECTION 4. The Revenue Laws Study Committee must study the elimination of the individual income tax as a General Fund revenue source and report its findings and recommendations to the North Carolina General Assembly.

SECTION 5. Except as otherwise provided, this act is effective when it becomes law.